

TOWARDS MORE EFFECTIVE RURAL ECONOMIC
DEVELOPMENT IN ONTARIO

AN APPLIED RESEARCH PROJECT

FINAL REPORT

*FINDINGS AND RECOMMENDATIONS
FOR POLICIES, PROGRAMMES AND
PRACTICE*

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TABLE OF CONTENTS

	Page No.
<i>Acknowledgements</i>	<i>ii</i>
<i>Research Project Team</i>	<i>iii</i>
<u>PART 1</u>	
RECOMMENDATIONS	1
Rural Municipalities	2
Provincial Government	4
Federal Government	6
Association of Municipalities of Ontario (AMO)	7
Economic Developers Council of Ontario (EDCO)	8
The Private Sector	8
Universities and Community Colleges	9
<u>PART 2</u>	
PROJECT OBJECTIVES	10
PROJECT PROCESS	10
<u>PART 3</u>	
LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO: AN OVERVIEW OF CHALLENGES AND OPPORTUNITIES	12
Rural Livelihood	12
Uneven Development and Opportunities	12
The Rural Community and Sustainable Economic Development	13
The “One Size” Syndrome and the Holy Grail of “Best Practice”	13
Does “Local” Really Matter in a Globalizing Economy?	14
The Rural Community, the Municipality and the Local Economic Development Imperative: a Daunting Challenge	15
APPENDICES	
Appendix I: Technical Report #1- The Ontario Rural Economy-Structure Regional Patterns and Development Trends	i
Appendix II: Technical Report #2 –An Integrated Analysis of Changing Municipal and Community Roles and Practices	v
Appendix III: Technical Report #3 - A Report on “Best Practice” in Local Economic Development in Rural Ontario	xiii
Appendix IV: Technical Report #4 - Community Futures Development Corporations in Local Economic Development in Rural Ontario	xvi
Appendix V: Technical Report #5 - Local Economic Development in Rural Ontario: Economic Conditions, Issues and Municipal Practices	xx

ACKNOWLEDGEMENTS

This applied research project has been a collaborative undertaking from the start. The important findings and the detailed conclusions are the result of intensive research, communications, feedback and discussion, all of which have enriched the process and product through constructive criticism and challenge, sound advice and collaboration. On behalf of the research team I would like to express our sincere gratitude to all who have contributed to this enterprise.

The cooperation, trust and input of Rural Municipalities and local development agencies throughout Ontario were fundamental to the success and eventual value of this undertaking. The support of the former School of Rural Planning and Development, now part of the School of Environmental Design and Rural Development, University of Guelph, is very much appreciated. The commitment of Faculty time, facilities and peer support were critical. Special thanks to Dr. F. Harry Cummings, our Project Associate. The Association of Municipalities of Ontario (AMO), notably the Rural Ontario Municipalities Section (ROMA) has been a partner from the outset and was instrumental in securing the success of the basic survey and in facilitating ongoing communications. Industry Canada, through FedNor has been a very positive contributor and participant in this applied research project. The project was launched through and with the support of the Sustainable Rural Communities (SRC) programme, a collaboration between the University of Guelph and (now) the Ontario Ministry of Agriculture and Food (OMAF). The Economic Developers Council of Ontario Inc. (EDCO) provided some supplementary support. The project benefited from two very constructive peer review workshops, numerous conferences, seminars and other events, and very valuable feedback from the dissemination of the project's five **Technical Reports** (See Appendix) over the last three years. To all contributors, formal and informal, we express our sincere thanks and hope that our endeavours will contribute to the welfare of Ontario's rural communities and the practice of local economic development.

The findings, conclusions and recommendations of this project are the sole responsibility of the researchers, and in no way bind or encumber our many partners and contributors.

Members of the project team are listed separately in this **Final Report**. My thanks are due to them for their valuable input and commitment. Special thanks to Sandra Chadwick-Parkes, Principal Research Assistant, who as a valued colleague undertook much of the research and writing and has been a foundation of the project from the outset.

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PART 1

- **RECOMMENDATIONS**

- **RURAL MUNICIPALITIES**

- **PROVINCIAL GOVERNMENT**

- **FEDERAL GOVERNMENT**

- **ASSOCIATION OF MUNICIPALITIES OF ONTARIO**

- **ECONOMIC DEVELOPERS COUNCIL OF ONTARIO INC.**

- **THE PRIVATE SECTOR**

- **UNIVERSITIES AND COMMUNITY COLLEGES**

RECOMMENDATIONS

Our recommendations from this applied research project focus on the local dimension of rural economic development in Ontario. The focus is, therefore, on economic development priorities and initiatives that are either found at, or relate directly to local rural contexts, i.e. to the rural community itself, the Municipality, local non-government organizations, local service organizations, the local private sector and business-related organizations, Federal and Provincial agencies operating at the local level, and professional and educational organizations with interests and activities that are relevant to locally based economic development in rural contexts.

The recommendations are made to seven key agents that have a direct interest in and a role to play in securing the health and vibrancy of Ontario's rural economy. They are the rural Municipalities, the Ontario Provincial government, the Federal government, the Association of Municipalities of Ontario (AMO), the Economic Developers Council of Ontario (EDCO), the private sector, and the Universities and Community Colleges in Ontario. Many of the recommendations overlap. Some involve common interests among these agents and require collaborative and reinforcing initiatives by one or more of them.

Some of our recommendations might already be addressed, in whole or in part, either by current policies, programmes and practices that we were not aware of, and/or by proposals and other initiatives currently in the formative stage, also unknown to us. Given the breadth of the field and the multiplicity of players, we make no claim to be *au courant* with all activities here, current and prospective. If there is such overlap, we hope that our independent recommendation will reinforce the commitment that is already in place, or proposed.

All of these recommendations are based on our independent research over the last three and a half years, and the cumulative process of dissemination, feedback, discussion, peer review, critique and refinement. The reader is referred to, and is encouraged to consult the Appendix to this report. This contains the summaries of the findings from all five of our **Technical Reports**, the principal research documents of this project. These provide the primary input for our recommendations.

In sum, the recommendations respond to a core conclusion of our research that

in light of persistent economic stress among many of Ontario's rural communities, in light of increasing fiscal and economic pressures, and given clear evidence of a very significant gap in local economic development capacities across a majority of rural municipalities and communities, there is now urgent need for concerted action.

RURAL MUNICIPALITIES

Recognizing the diversity of rural communities, contexts and Municipal situations, it is recommended that rural Municipalities in Ontario:

1. Invest directly in the development of the community's economy, specifically through the retention of a designated individual (e.g. Economic Development Officer) with the appropriate experiential and professional qualifications in local economic development, adequate budgetary resources, and secure commitments of time, to plan and manage the Municipality's particular contributions here.
2. Where, for a variety of reasons it is not appropriate or feasible to retain an Economic Development Officer (EDO), a *Rural Economic Development Consortium* (REDC) be instituted to facilitate multi-municipal cooperation, facilitate collaboration with other interests, expand the geographic base for development initiatives, pool scarce resources, achieve economies of scale, reduce undesirable competition, make feasible the retention of professional resources (e.g. an EDO), and secure the financial resources for a comprehensive economic development programme. Where CFDCs are operating and effective re-engagement has been achieved (see below), these organizations might be adapted as the de facto *Rural Economic Development Consortium*.
3. Re-establish close working relationships with Community Futures Development Corporations (CFDC) operating in their region, ensure appropriate representation through elected officials and/or Municipal personnel, and ensure appropriate participation to address region-wide issues and priorities and collaboration on long term strategic planning and development management.
4. Commit to investment and other support for training and re-training in local economic development, to be made available to Municipal Council, Standing Committees, Municipal personnel and, in collaboration with other partners, to community volunteers, businesses and other groups.
5. Expand the process of community participation in the local economic development process through, for example, intensified communications, community outreach activities, more active and early engagement of residents and local groups in surveys and development planning activities, diversifying advisory bodies beyond formal business representation, and involvement of rural youth.
6. Integrate tourism development initiatives with all other economic development activities to bring about a comprehensive approach to the development of the local economy, harness inter-sectoral linkages and expand business opportunities and development synergies.

7. Recognize and respond to the fact that the skill sets and knowledge areas for Economic Development Officers and others directly involved in local economic development practice are changing, shifting from a preoccupation with marketing, sales and promotion, real estate and related matters and industrial “boosterism” toward partnership building, community communications, media management, negotiation, technology adaptation, inter-organizational collaboration, public participation, facilitation and other aspects of a changing practice.
8. Be open to an unfettered examination of the “fit” between a changing rural economy and changing local conditions and conventional approaches to local economic development. A critical assessment of this “fit” might involve not only a consideration of the appropriate role for the EDO, but also the appropriate organizational structure and functions to enhance the effectiveness of local economic development initiatives (e.g. a private/public partnership, out-sourcing the development function, a private sector corporation/commission with Municipal participation, a *Community Economic Development Cooperative*).
9. Work with upper-tier Municipalities and with the Province to design and formalize the availability of local economic development services from the upper-tier municipalities, if and when required by the area rural Municipality.
10. Directly address the issues of volunteer recruitment, development, retention and management as core considerations in the process of community-based economic development, recognizing that a very significant proportion of what gets done in local economic development in rural communities is a result of the commitment, energies and skills of resident volunteers.
11. Invest in the preparation, regular updating and management of a long term, integrated economic development strategy for their community, whether this Plan and management process be designed solely at the local level or through an alternative collaborative process (e.g. via a CFDC, an upper-tier Municipality, a new REDC).
12. Recognize the distinction between different modes of practice in local economic development (i.e. external investment recruitment, local business expansion, local investment facilitation) and take the strategic initiatives in their planning and implementation processes to choose among, or combine some or all of these.

PROVINCIAL GOVERNMENT

It is recommended that the Province of Ontario:

1. Collaborate with other partners in rural local economic development (e.g. Federal government, AMO, private sector) in instituting, funding and promoting a broad-based *Rural Local Economic Development Internship Programme* providing education, training and extended work experiences for entrants to this field of professional practice.
2. Collaborate with other partners (e.g. Federal government, EDCO) in the funding of in-career training and upgrading for current economic development practitioners across rural Ontario.
3. Critically re-examine Provincial legislation and regulations to (a) remove all possible obstacles that hinder rural Municipalities in their pursuit of local economic development, and (b) maximize their effectiveness as key agents in investment facilitation, business promotion and general economic development.
4. Augment current policy and programme initiatives beyond supplementary support for infrastructure, business investment, value added production, exports and agricultural production and some facilitation so as to expedite more comprehensive and integrated rural economic development (e.g. strategic planning and management, personnel development, organizational development, “Main Street” revitalization).
5. Provide financial and other incentives for innovative practice in rural local economic development.
6. Provide financial and other incentives for multi-municipal cooperation and collaboration for rural municipalities in Northeastern and Northwestern Ontario and for all other rural municipalities with populations less than 6,000.
7. Critically review the nature and intent of all Provincial policies and programmes as they relate to the development of Ontario’s rural economy with a view to (a) establishing and clarifying the explicit and implicit intent of current development policy (e.g. *selective* capacity building in those communities under stress, provision of a minimum level of basic support for *all* local development initiatives, *selective* focusing of support only on “best bet” development contexts), and (b) articulating and communicating an explicit strategic choice for supporting local rural economic development.
8. Amend appropriate legislation (e.g. *Municipal Act*) to mandate that all upper-tier Municipalities provide economic development services to lower-tier rural municipalities, communities and interests, allowing flexibility in (a) the mode of provision to be negotiated between the relevant municipalities (e.g. via public-private sector collaborations, via a formal upper-tier Municipality/CFDC accord), and (b) the

scope of services, so that they respond to the local context, conditions and development priorities.

- 9.** Introduce a full module into the High School curriculum to inform young rural residents of the nature of the rural economy, particularly the local and regional economies, and the process and practice of local economic development within rural communities.
- 10.** Commit to a long term and consistent presence in rural economic development, especially as this pertains to programme provisions, eligibility criteria and funding levels.
- 11.** Reduce the intensity of “red tape” and the burden of eligibility and applications procedures in current business development, infrastructure support and other programmes of interest to rural communities and Municipalities.
- 12.** Critically examine the feasibility of a *Ministry of Rural Development* to provide a single point of contact for rural residents and interests, act as the designated clearinghouse for rural development information, especially for Provincial programmes, projects, funding and other forms of assistance, bring forward rural development policies, design and deliver rural development programmes, facilitate the integration of Provincial policies and programmes as they relate to rural development priorities, sponsor applied research for rural development, provide leadership in innovation and collaboration, and be the principal supporting agency within the Provincial government for rural-based local economic development.
- 13.** Expand collaboration with research organizations to enhance and continuously update the information base on rural local economic development, to investigate specific issues, problems and opportunities, to contribute to Federal and Provincial policy formulation, and to expedite emerging opportunities for more effective practice.

FEDERAL GOVERNMENT

It is recommended that the Federal Government:

1. Through FedNor (Industry Canada) and its associates in the Ontario Association of Community Futures Development Corporations (OACFDC) re-commit the successful Community Futures Programme to a more intensive partnership and collaborative working relationship with Ontario's rural municipalities on all aspects of local economic development planning and management.
2. Collaborate with other partners in rural local economic development in instituting, funding and promoting a broad-based *Rural Local Economic Development Internship Programme* providing education, training and extended work experiences for entrants to this field of professional practice.
3. Through the appropriate Federal agencies (e.g. Statistics Canada) ensure that current and relevant data and other information are available and processed to provide and to facilitate up-to-date regional and sub-regional economic analyses for all interested parties.
4. Identify and communicate so-called "best practice" case studies in rural local economic development from other parts of Canada, and from Canada's Organization for Economic Cooperation and Development (OECD) partners, with relevant information on process, practice, and innovation.
5. Collaborate with other partners (e.g. Province, Economic Developers Council of Ontario, Association of Municipalities of Ontario, private sector organizations) in the funding of in-career training and upgrading for current economic development practitioners, and other municipal personnel performing the economic development function, across rural Ontario.
6. Investigate the feasibility of creating a separate *Department of Rural Development* in the Government of Canada, to address development issues beyond individual sectors (e.g. agriculture), act as the single point of contact for rural residents and development interests, provide a clearinghouse and information dissemination function, especially for rural development programmes, projects, funding and other forms of assistance, bring forward rural development policies, design and deliver rural development programmes, and facilitate the integration of Federal policies and programmes as they relate to rural development priorities.
7. Expand its collaboration with research organizations to enhance and continuously update the information base on rural local economic development, to investigate specific issues, problems and opportunities, to contribute to Federal and Provincial policy formulation, and to expedite emerging opportunities for more effective practice

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

It is recommended that the Association of Municipalities of Ontario (AMO), notably through its rural section, the Rural Ontario Municipalities Association (ROMA):

- 1.** Provide leadership, organize supplementary resources and partner with the Province, the Economic Developers Council of Ontario (EDCO), other relevant professional organizations (e.g. Association of Municipal Clerks and Treasurers of Ontario), and rural municipalities to provide training for Ontario's rural municipalities in local economic development planning and management.
- 2.** Provide leadership through its Annual Conference, its regular communications and other high profile activities to promote and expedite collaborative initiatives in local economic development among Ontario's rural municipalities, especially the smaller municipalities (below 6,000 population).
- 3.** Communicate the changing roles and functions of local economic development practice, within Municipal management and administration, within the community and within inter-organizational partnerships and other collaborations and promote the recognition of this among the Membership.
- 4.** Expand its collaboration with research organizations to enhance and continuously update the information base on rural local economic development, to investigate specific issues, problems and opportunities, to contribute to Federal and Provincial policy formulation, and to expedite emerging opportunities for more effective practice.
- 5.** Initiate exploratory discussions with representatives of the business community (e.g. Ontario Chamber of Commerce, Canadian Federation of Independent Businesses, the Ontario Business Improvement Associations, Ontario Federation of Agriculture) to augment the participation of the private sector in rural local economic development through a more proactive, institutionalized and formal process.

ECONOMIC DEVELOPERS COUNCIL OF ONTARIO

It is recommended that the Economic Developers Council of Ontario (EDCO):

1. Collaborate closely with the Association of Municipalities of Ontario and the appropriate educational institutions in the design and delivery of professional development courses, and other training and re-training opportunities in local economic development, specifically for rural municipalities.
2. Initiate a scholarship programme, in collaboration with other interests (e.g. private sector, Province) designed to encourage young practitioners to enter the field of rural local economic development.
3. Ensure clear, regular and visible attention and resources are directed toward the issues and opportunities in rural local economic development through its Annual Conference, *EDCO Exchange*, other communications, special seminars/workshops, Committee structure, and other initiatives.

THE PRIVATE SECTOR

It is recommended that representative organizations of Ontario's private sector, such as the Ontario Chamber of Commerce, the Canadian Federation of Independent Businesses, Members of the various Business Improvement Associations, the Ontario Federation of Agriculture, tourism organizations and others:

1. Commit to a more proactive, concerted and formal engagement in the ongoing planning and management process associated with the development of Ontario's rural economy.
2. Collaborate with the Association of Municipalities of Ontario, the Economic Developers Council of Ontario and others to examine the nature of private sector organizations' potential contributions, roles and functions as part of a new partnership for rural local economic development.
3. Commit in principle to providing supplementary financial resources to the recommended professional internship programme and the in-career training and professional development of practitioners.
4. Commit in principle to sponsoring awards and providing recognition for exemplary and innovative development practice involving public/private sector partnerships.

5. Undertake a communications initiative to provide current information to all Members regarding the process and practice of local economic development, throughout rural Ontario (e.g. organizations, types of practice, partnerships), and the options and opportunities for, and the benefits of participation for private businesses.

UNIVERSITIES AND COMMUNITY COLLEGES

It is recommended that Universities and Community Colleges in Ontario:

1. Examine their current and potential contributions to the process and practice of local economic development in rural Ontario, in terms of research, formal courses, programmes, professional development workshops and other avenues of instruction, with a view to (a) critically ascertaining the efficacy of their current level of participation here, and (b) assessing potential contributions.
2. Based upon their own specializations and Faculty expertise, collaborate with other interests (e.g. Association of Municipalities of Ontario, Province), and selectively commit to the replication and refinement of the present applied research project by 2008, so as to provide a benchmark assessment of progress in rural municipal capacity in the field of local economic development.
3. On the basis of their academic priorities and Faculty expertise, collaborate with the Economic Developers Council of Ontario and others (e.g. Association of Municipalities of Ontario, Province, Federal government) in the design and delivery of formal education and training specifically designed for rural and smaller community settings. This instruction would be customized for new Economic Development Officers (EDO), as in-career upgrading of practitioners, as orientation for senior staff (e.g. CAO, Clerk-Treasurer) and Members of Municipal Council, and as training for Standing Committee Members and other local organizations active in economic development in rural communities.
4. On the basis of their academic priorities and Faculty expertise, collaborate with other interests (e.g. Federal government, Province) in the design and execution of particular applied research projects to address priority problems and issues in rural economic development, and to investigate emerging opportunities for development.

PART 2

- **PROJECT OBJECTIVES**

- **PROJECT PROCESS**

PROJECT OBJECTIVES

The following are the objectives of this applied research project:

1. To identify and interpret the critical ingredients of effective economic development practice for rural Ontario communities.
2. To transfer these findings and conclusions (and any recommendations) to a case set of rural communities for application, monitoring and refinement, and further transfer.
3. To specify the role and function options for key players, including the Municipality, with attendant conclusions regarding skills, resources, practice, organization, and other requirements.
4. To communicate and disseminate the findings and conclusions (and any recommendations) to Provincial government agencies, municipal organizations, economic development organizations and others active in rural economic development in Ontario.
5. To construct the findings and conclusions on the basis of a rigorous and credible integrated analysis of (a) trends and developments in the rural economy, (b) local economic development practice, and (c) local government restructuring.

PROJECT PROCESS

The basic phases of the project are set out below.

Phase 1 – Research Design and Refinement, Personnel Recruitment (September 1999-January 2000) and Research Fundraising.

Phase 2 – The Changing Rural Economy: Literature Reviews, Statistical and Regional Economic Analysis, **Technical Report # 1** (August 2001).

Phase 3 – Regional Workshops on **Technical Report # 1**, Conference and Seminar Presentations.

Phase 4 – The Changing Practice of Local Economic Development: Mail-Out Survey, On-Site Interviews, Regional Workshops on **Technical Report #2**,

Conferences and Seminars, Refinement and Completion of **Technical Report # 2** (January 2001). Survey of the Local Economic Development Processes and Practices through the Community Futures Development Corporations in rural Ontario for **Technical Report # 4** (April 2003). Telephone and on-site interview survey of 83 rural municipalities on local economic conditions, and other aspects of development process and practice, toward **Technical Report # 5** (May 2003).

Phase 5 – Ongoing Communications and Transfer of Project Findings and Conclusions. On-site Interviews of Peer Identified “best practices”, toward **Technical Report # 3** (May 2003). Synthesis: Effective Rural Economic Development in the Changing Rural Economy, Implications and Opportunities Assessments, Integration of Research, Seminars and Workshops. Preparation of the Project Report.

Phase 6 – Ongoing Applications and Transfer of Findings and Conclusions. On-Site Transfer to Six Rural Municipalities. **Final Report – Toward More Effective Rural Economic Development in Ontario: Findings and Recommendations for Policies, Programmes and Practice.**

As will be clear this is an *applied* research project. In addition, there is a strong emphasis on communicating and transferring the findings and conclusions into the policy arena and into the actual practice of local economic development in rural municipalities, and other development organizations. The primary issue that the project addresses is the challenge of ensuring that in terms of process and practice, those engaged in local economic development in rural Ontario, notably but not exclusively rural municipalities have the requisite capacity to do the best job possible.

PART 3

- **LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO: AN OVERVIEW OF CHALLENGES AND OPPORTUNITIES**
 - **RURAL LIVELIHOOD**
 - **UNEVEN DEVELOPMENT AND OPPORTUNITIES**
 - **THE RURAL COMMUNITY AND SUSTAINABLE ECONOMIC DEVELOPMENT**
 - **THE “ONE SIZE” SYNDROME AND THE HOLY GRAIL OF “BEST PRACTICE”**
 - **DOES “LOCAL” REALLY MATTER IN A GLOBALIZING ECONOMY?**
 - **THE RURAL COMMUNITY, THE MUNICIPALITY AND THE LOCAL ECONOMIC DEVELOPMENT IMPERATIVE: A DAUNTING CHALLENGE**

LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO: AN OVERVIEW OF CHALLENGES AND OPPORTUNITIES

The five Appendices in this **Final Report** summarize the key findings and conclusions from this major project on local economic development in rural Ontario. Here we will synthesize these further and integrate them with a great variety of feedback that we have received as a result of various conference presentations, publications, regional seminars, formal peer review workshops, and a rich response we have received from Municipal politicians and senior officials.

This project is concerned with improving the effectiveness of local economic development practice in rural Ontario. Improving local economic development process and practice will contribute to the improvement of rural livelihoods. And livelihood is at the centre of rural welfare, whether it is the welfare of the individual, the family, the community or a rural region. The ability to secure an income, through whatever means, to provide for daily sustenance, shelter, education, recreation, savings and investments for future needs, and other requirements is central to commonly accepted notions of wellbeing.

RURAL LIVELIHOOD

Rural communities are economically healthy and viable when their residents can secure and sustain their livelihoods. In the Canadian rural context in general, and more specifically in Ontario, rural people secure their incomes through a great variety of formal and informal activities and arrangements. These include full and part-time, as well as seasonal employment in the private and public sectors through which wages are received. They also include owner-operated businesses through which goods and services are produced and sold and profits and other income are generated. Income streams are also secured through membership in cooperatives, as well as from pensions and other investments. Many rural residents, including some farmers live on modest cash incomes, with their wealth invested in their production assets. Rural residents and businesses also receive an array of services and other supports through their local and other levels of government (e.g. roads, health services, fire protection). And through often deep and complex webs of family and community traditions, rural institutions (e.g. churches), service clubs, local cultures and other aspects of life in rural contexts, rural residents access a vast array of sometimes intangible, but nevertheless important supplements and supports for their livelihood. These may involve mutual aid, informal bartering, elder-care, volunteering, customary use of buildings and equipment, informal credit arrangements and many other assets, entitlements and supports through which life and livelihood are sustained.

Securing and sustaining the rural community's economy involves *collective* initiatives, in and by the community and between communities, to harness these various livelihood modes and to innovate and facilitate new ways of generating livelihood opportunities.

UNEVEN DEVELOPMENT AND OPPORTUNITIES

Canadian society is characterized by what has been called a mixed-market economy. The private sector economy is the dominant set of mechanisms that we use to present our demands for goods and services, and through which private suppliers try to meet these demands, and create more. Through the private sector market, the overlapping cooperative sector, the government sector and its activities in redistribution and development, and variations that cross over these sectors, we attempt to secure our livelihoods and our desired quality of life. These overlapping and interrelated sectors and their production and distribution mechanisms have given Canada in general, and Ontario in particular, an enviable material standard of living, and many would say quality of life.

But the record of development is indisputably uneven, and the prospects are uneven. For the rural Ontario situation refer to the Summary for **Technical Report # 1** in the Appendix. Unevenness and glaring disparities are evident in terms of the distribution of income. They are evident in terms of accumulated wealth. They are evident in terms of livelihood prospects, many of which translate into health and life expectancy prospects. They are evident on the basis of gender, educational background, being a First Nations person or not, being a child, and on many other accounts. Of particular interest to us here is the spatial or geographic incidence of opportunity. There is considerable disparity of incomes and other livelihood opportunities across rural Ontario, and between many rural and urban communities. That is to say, the quality of livelihood and livelihood choices varies depending on where one lives. Smaller rural communities in Ontario and communities in particular regions (e.g. Northeastern Ontario) display a common set of indicators of economic decline, stagnation or distress (See the Summary of **Technical Report # 5** in the Appendix). Most rural communities have particular challenges, particular constraints, and particular opportunities in terms of generating and sustaining livelihood for their current and future residents. These challenges are the focus of this project and this Report.

THE RURAL COMMUNITY AND SUSTAINABLE ECONOMIC DEVELOPMENT

Within the great diversity that characterizes rural Ontario communities, one can generalize about a number of over-arching values, issues, challenges and opportunities. For most there is some concern about the local economy. Even where a so-called dormitory community finds most of its employment in neighbouring urban centres, there are concerns about sustaining local businesses, seeking opportunities for local investment, the imbalance in the tax base, and addressing the desirability of more jobs closer to home (the so-called "live/work" option). And even in other communities where recent arrivals and others might not be in favour of major growth or expansion, the adequacy of the local tax base, awareness of some "gaps" in local retail and other

businesses, and other issues raise questions about the local economy. In predominantly farming areas questions about the lack of value-added processing and the associated income and job generation that go with it, are raised. In addition, the prospects for diversification through, for example, agri-tourism, telecommunications-based home businesses and other opportunities, are on the table. In mining, forestry and other single-industry communities similar issues relating to vulnerability are of concern. Tourism provides some opportunities, is usually highly seasonal, can have a variety of negative as well as positive impacts, and as a diverse and changing sector it is not all that well understood. “Main Streets” in many rural communities are reconstituting themselves, changing their offering of retail trade and services, while trying to grapple with a rapidly changing world of “big-box” retail, Internet shopping and an increasingly mobile consumer.

The older notion of “build it and they will come”, either through the serviced industrial park or other local investments, has not been and will not be a panacea for the majority of rural communities. Many rural communities are re-appraising their approaches to local economic development, with increased awareness of the importance of facilitating new local investment and nurturing the expansion of local businesses (See the Summaries for **Technical Reports # 2** and **# 5** in the Appendix). Balancing this approach with the traditional external marketing, promotion and competitive bidding for (usually) manufacturing plants, is a challenge ahead for many communities.

Globalization has meant the rapid opening up of our society and economy. Nowadays the smallest and most remote of rural communities are increasingly connected to the dynamics of the private global market. The drive for higher profits, the drive for lower costs of production, and the drive to access global markets for supply and demand combine to present an uncertain array of threats and opportunities for rural communities. The rural value often described as the “stay option” is under fire as many residents have difficulty seeing realistic opportunities for their daughters and sons in or near the home community, even as an option in later life. Even where economic expansion has been evident, as is the case for many rural communities across Ontario, the challenges of sustaining this development are evident (See Summary for **Technical Report # 5**).

THE “ONE SIZE” SYNDROME AND THE HOLY GRAIL OF “BEST PRACTICE”

Clearly public policy in rural economic development has got to respect the oft-repeated “one size does not fit all” adage. This is reaffirmed in the vast differences evident in the economies of Ontario’s rural regions in terms of size, structure, specializations, vulnerabilities, dynamics, performance and other factors (See the Summary of **Technical Report # 2** in the Appendix). This calls for a sensitized, informed response from the Provincial and Federal governments, and an investment to ensure that they are present in and function as informed partners in each region’s ongoing economic development.

There is much that is fashionable in the notion of “best practice”. And there are many prescriptions and guidelines for local and community economic development practice (e.g. Douglas, Bryant and Joyal, 1992; Douglas 1992)¹. The research underpinning this **Final Report** suggests that there is not any one model or “best practice” that Ontario’s rural municipalities see as a paragon of practice. Having said that, our review of four rural case studies that were frequently cited as exemplary does provide some guidance. In this regard the presence of firm political commitment to local economic development was seen as central. This commitment was generally matched with effective delegation to senior staff and a minimum of interference or micro-management. Related to this, evidence of investment in local economic development (e.g. an Economic Development Officer) and the presence of a development plan or strategy were cited as key factors in better practice. Effective communications and public participation were also characteristics of advanced practice. So while there is no ready-made template for rural economic development practice, at the local level, there are clear pointers on how to do things better among Ontario’s practitioners (See the Summary for **Technical Report # 3** in the Appendix).

DOES “LOCAL” REALLY MATTER IN A GLOBALIZING ECONOMY?

In today’s conditions of globalization, the shrinkage of space through telecommunications, the power of transnational corporations, the rules of international trade agreements, and other developments there is some concern that local initiatives, either through the municipality or through community groups, will have little affect on the fortunes of the rural economy. The literature and our analysis in this project suggest quite the opposite.

Local matters and locally-based initiatives can have a significant impact on the resilience, competitiveness and performance of rural local economies. This is extremely important, not only as it relates to the relevance of local initiatives, but also as it relates to the role of public and private sector support for and investments in local economic development in rural Ontario. Our research and analysis clearly indicates that local factors have had a significant impact on employment opportunities throughout rural Ontario, and across the fifteen economic sectors that make up rural economies. Sometimes local factors have worked against the local economy’s potentials, canceling out other advantages (e.g. general provincial growth). Sometimes local factors have canceled the disadvantages evident in the local economy (e.g. a relatively uncompetitive mix of industries). Sometimes local factors built upon and augmented other growth factors, propelling the local economy even further. One way or another they matter (See the Summary for **Technical Report #1** in the Appendix).

¹ Douglas, David J.A., Christopher R. Bryant and Andre Joyal. 1992. *Community Economic Development and Strategic Planning*. Ottawa: Employment and Immigration Canada.
Douglas David J.A. 1992. *Community Economic Development and You*. Ottawa: Employment and Immigration Canada.

These local factors are varied and on the positive side may include competitive initiatives in local labour force retraining or skills upgrading, aggressive marketing by the Municipality, an effective economic development strategy, upgrading of telecommunications and other infrastructure, or other investments. On the negative side they may include a lack of political commitment to economic development, deficiencies in local private sector investment, and other barriers to development. Whatever the mix of local factors, including entrepreneurship and capable business management, they have made the difference for many rural communities across Ontario. The local factor is clearly a central consideration in rural economic development, and must be a focus for enhancing development capacity, i.e. improving planning and management know-how and skills for local economic development.

THE RURAL COMMUNITY, THE MUNICIPALITY AND THE LOCAL ECONOMIC DEVELOPMENT IMPERATIVE: A DAUNTING CHALLENGE

Amid all of this global, technological and political economic change, and amid growing concerns about our environment, is the irrevocable process of local government restructuring undertaken by the Provincial government in Ontario. A transfer of several Provincial government functions to rural municipalities, without a commensurate increment to their financial resources, has accompanied this process. One of the outcomes of these and others developments is that the Provincial support for the financial viability of rural municipalities has dwindled. Provincial grants for Ontario's municipalities, as a proportion of their total revenues, are rapidly descending toward the 15% mark (Kitchen, 2000)². For the survival and effectiveness of the basic level of democratically elected governments, rural communities are now and will increasingly have to depend on the taxes and other revenues that can be raised from their local economies. This puts additional pressures on communities and their municipalities to secure their local economy, and proactively and strategically foster its development. The rural municipality now is almost totally dependent upon the health of the local economy. And the health and the development prospects of many rural communities' economies, especially but not only those below 6,000 residents, is under significant stress (See the Summary for **Technical Report # 5**).

However, a fundamentally important consideration here is that the very quality of local government services themselves and the related quality of the rural community itself (e.g. amenities, personal security, healthiness, physical beauty) are increasingly important factors that influence the location of investment in the so-called high-technology, information or New Rural Economy. *The local economy and the local government, notably the Municipality, have become inextricably intertwined.*

From these considerations the issue, and especially the *imperative* of an effective local economic development process surfaces as a priority in rural development in Ontario.

² Kitchen, Harry M. 2000. *Municipal Finance in a New Fiscal Environment*. Commentary 147. Toronto: C.D. Howe Institute

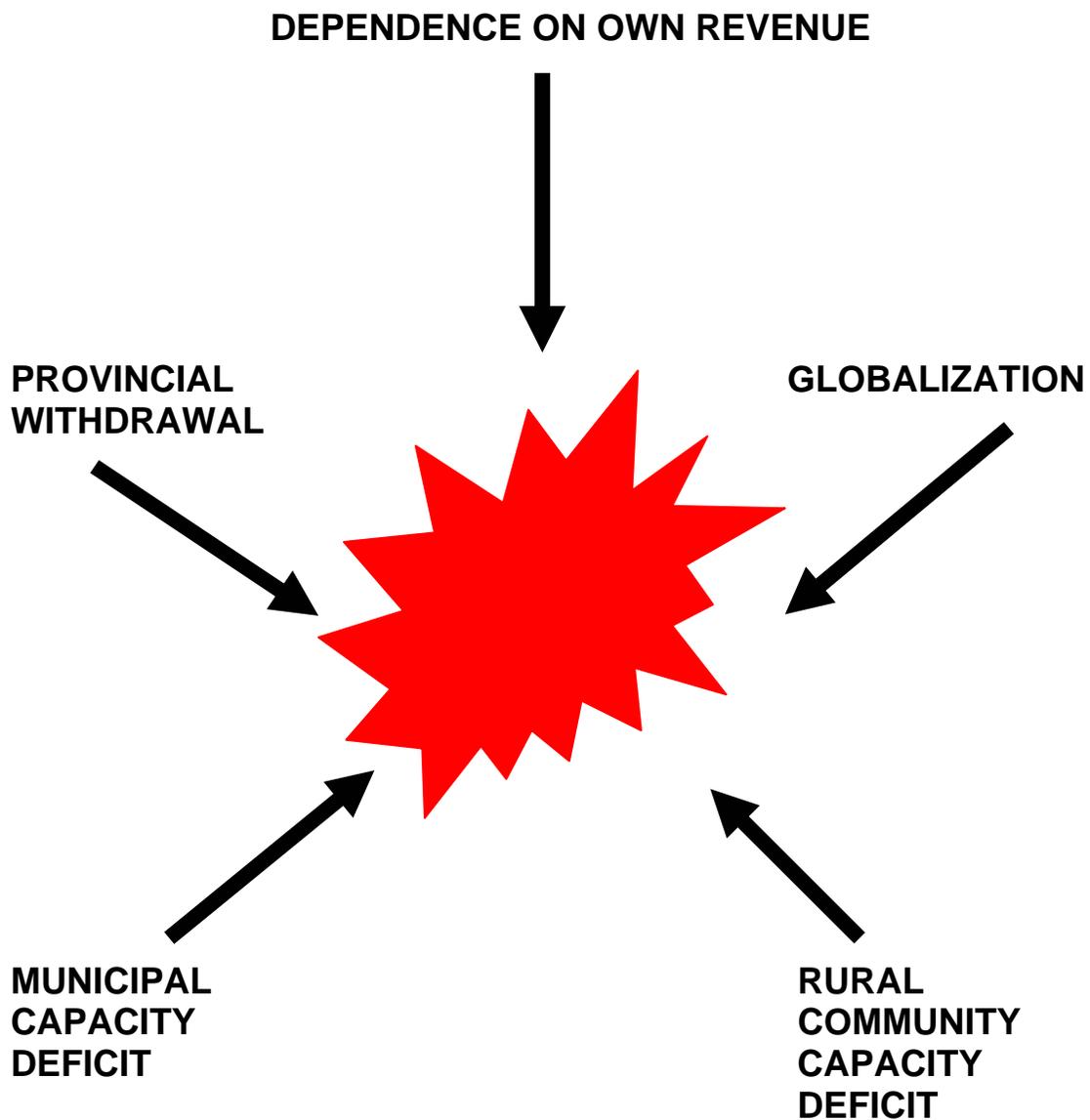
Rural communities have to be more proactive, more efficient, more strategic and more effective in the development of their local economies.

They do and will pursue these challenges and opportunities through a diversity of key players. These include the County Federation of Agriculture, the Chamber of Commerce, the Business Improvement Association (BIA), the upper-tier municipality (Region, District, County), tourism associations, Community Futures Development Corporations (See the Summary of **Technical Report # 4**), local service clubs and many others. And they do and will pursue these challenges at different scales - local, inter-municipal, area-wide, regional, and others. Within this increasingly collaborative milieu the rural municipality itself has to determine its role, functions, priorities and its capacity requirements. That is the central consideration of this applied research project, and the reason for the surveys and analyses of current practices and issues that underlie this research project and our **Final Report**.

However, a rural municipality (and its constituents) might make its strategic choices relating to its mode of economic development (e.g. emphasis on business retention), its focus (e.g. light manufacturing), its partners (e.g. a local CFDC, neighbouring municipalities), the appropriate scale (e.g. regional), the nature of its investment (e.g. hire an Economic Development Officer), and so on, our research has served to highlight a significant challenge, indeed a daunting challenge for Ontario's rural municipalities. This is related to the confluence of five factors, some of which have been mentioned above. These are:

- The withdrawal of the Province as a major financial contributor to the Municipality.
- Almost total dependence on the health and vibrancy of the local economy as a source of Municipal revenues.
- The increased pressures, opportunities, threats and challenges for informed and competitive local economies through globalization.
- Significant gaps in community capacity (e.g. know-how) to undertake local economic development.
- Significant gaps in rural Municipal capacity (e.g. know-how, time, finances) to undertake local economic development.

Figure 1: RURAL LOCAL ECONOMIC DEVELOPMENT - THE ISSUES AND CHALLENGES



As these factors converge the need for rural municipalities, and communities, to be effective players in local economic development practice escalates. And amid this escalation the revealed gaps in the basic wherewithal to undertake local economic development increases in urgency (See the Summary for **Technical Report # 2**). This now poses a daunting challenge for all concerned, and one that has to be addressed as a priority for the welfare of rural Ontario (Fig.1).

This does not mean that all rural municipalities should have a separate department or agency, or even an Economic Development Officer (EDO) charged with the planning and management of the process. For some it will be a necessity. For others expanded initiatives in partnerships and other collaborations will be appropriate. For others formalizing the role of the upper-tier Municipality (e.g. County) to contract for *rural* economic development services might suffice. But for most rural municipalities and communities, investing in the basic capacity to participate in and sometimes to do local economic development is **the** imperative.

PART 4

▪ APPENDICES

- APPENDIX I: SUMMARY OF FINDINGS FOR TECHNICAL REPORT #1 - The Ontario Rural Economy– Structure, Regional Patterns and Development Trends**

- APPENDIX II: SUMMARY OF FINDINGS FOR TECHNICAL REPORT #2 - An Integrated Analysis of Changing Municipal and Community Roles and Practices**

- APPENDIX III: SUMMARY OF FINDINGS FOR TECHNICAL REPORT #3 - A Report on “Best Practice” in Local Economic Development in Rural Ontario**

- APPENDIX IV: SUMMARY OF FINDINGS FOR TECHNICAL REPORT #4 - Community Futures Development Corporations in Local Economic Development in Rural Ontario**

- APPENDIX V: SUMMARY OF FINDINGS FOR TECHNICAL REPORT #5 - Local Economic Development in Rural Ontario: Economic Conditions, Issues and Municipal Practices**

APPENDIX I

TECHNICAL REPORT #1: SUMMARY OF FINDINGS

THE ONTARIO RURAL ECONOMY – STRUCTURE, REGIONAL PATTERNS AND DEVELOPMENT TRENDS

INTRODUCTION

The Ontario economy is a large, complex, dynamic open system. The rural economy, embedded in this system has its own structural characteristics and growth patterns and is no less a complex entity. The cultural, social, political and other futures of rural communities within this system are largely dependent upon the overall health of the rural economy. They are especially dependent upon the health of their regional and local economies. Livelihood opportunities are fundamental to sustaining and enhancing the quality of life in rural communities.

This applied research project, *Toward More Effective Rural Economic Development in Ontario*, addresses the issue of local economic development policies, programmes and practice. It is designed to critically explore the nature of local economic development practice in rural Ontario, to analyze the varieties of practice, and to develop recommendations for policies, programmes and practice. A key undertaking in coming to an understanding of local economic development practice in any rural context is an analysis of the rural economy, and especially its regional and area differentiation, its structural characteristics, and its dynamics. This is what this document, Technical Report # 1 (Edition 1) attempts to do. It is a companion resource document to Technical Report # 2 (Edition 1) which reported on a large scale survey of, and analyzed local economic development practice across Ontario's six rural regions, from the municipal perspective.

Both resource documents are being widely disseminated for use, review, discussion and critical response. It is anticipated that both will be refined as second editions in early 2002 and will constitute the key technical inputs (with other surveys, seminar results, conference conclusions, and other feedback) to the final report for this project, and for our conclusions and recommendations relating to local economic development in rural Ontario.

GENERAL

In terms of direct employment, the Ontario rural economy is estimated to account for something in the order of 30% of the provincial economy. Using our definition of “rural” (places up to 25,000 in 1999), rural Ontario is the place of residence for a similar proportion of the province’s population. The most recent data suggests that the rural economy rebounded from the recession of the early 1990s with considerable vigour, far more so than the urban-based economy, and was the primary source of job creation for Ontario as a whole until at least the middle of the decade. Rural population growth has been a little less than urban growth, and appears to be aging more than urban communities. The rural economy is a large, diverse and dynamic economy increasingly integrated with the global economy. Through Provincial economic policies and private sector investment practice, rural Ontario is being increasingly integrated with the American economy.

STRUCTURAL SHIFTS

While a diverse primary sector (e.g. agriculture, forestry, mining) remains as a major and very visible component of the rural economy, the overall rural economy has diversified significantly over the last quarter century. The general *services sector* (e.g. retail trade, health, tourism, communications) is by far the most important driver of the economy and the source of employment opportunities.

Within the diverse services sector two important generalizations are worth highlighting. The first is the expansion of the *business services* sector (e.g. accounting services, engineering, computer systems). This sector has grown rapidly in rural Ontario and is an important indicator of rural Ontario’s participation in the burgeoning “information economy”. Telecommunications developments and increased emphasis on healthy communities and a better and more balanced quality of life auger well for many rural communities’ prospects in this growth sector. The second is the size and importance of so-called *non-market services* (e.g. hospitals, schools, social services agencies). These constitute a major component, not only of the quality of rural community living, but also of the local economy. These services provide a very substantial proportion of direct jobs in many rural communities and provide an array of business and related opportunities for linked activities (e.g. transportation, facilities maintenance, supplies).

While the data available to us dictates considerable caution, there is every indication that the *manufacturing sector* is a major destination for investment in rural Ontario and a major source of employment. The growth in this sector in the 1991-96 period far exceeded the growth of the overall rural economy. Indeed, it appears that as a source of jobs it now approximates the urban manufacturing sector in terms of the proportion of the employed labour force gaining their livelihood from this sector.

THE REGIONAL DIMENSION

The Ontario rural economy is characterized by great *contrasts* across the six rural regions used in this project. The regional dimension is a fundamental fact of life here. The contrasts include the relative sizes or scales of the regional economies, sectoral structures or make-up of the regional economies, growth dynamics, patterns of diversification and specialization, and other aspects. Within each rural region there is also very significant differentiation. This spatial differentiation is a major consideration in addressing relevant policies for local economic development, and even for regional economic development initiatives.

Of particular significance in the varied pattern of rural regional economic development in Ontario is the contrast between the highly diversified and generally buoyant economies of the Southern and the Western Regions in contrast to persistent economic problems in the Northwestern and the Northeastern Regions. The concentration of economic opportunities in some regions (e.g. manufacturing in the Southern and Western Regions) and the systemic decline or stagnation in others observed over the 1991-96 period appears to have continued to the present day. Alongside these observations is the vitality in a diversifying rural economy in Eastern Ontario and the relatively modest development record of the rural economy in the highly urbanized Central Region.

THE LOCAL FACTOR

A pivotal consideration in regional economic development trends and prospects is the role of local factors. Our analysis has highlighted the contributions of macroeconomic or province-wide economic factors (provincial or “tidal effects”) and the influences of the make-up or initial structure of each region’s economic sectors (the sector “mix” factor). We have attempted to isolate a bundle of factors at the local level (the “regional” factor) that influenced the economic fortunes of all rural regions in the province over the 1991-96 period. The important finding here is that in most instances these local factors have been *very* influential, sometimes good, sometimes bad.

Whatever they are, be they local entrepreneurship, political leadership, labour force upgrading or marketing and infrastructure investments, or the lack of these and other deficiencies, it is clear that different initiatives within each of the province’s rural regions have had a significant impact on the fortunes of the local rural economy. Local economic development (LED) can and does address these factors. Unpacking the positive initiatives, the area’s assets, and building upon them may be strategic options for some communities. Unearthing the negative policies and practices, an area’s liabilities, and rectifying them may be part of some communities’ future economic development strategies.

LOCAL ECONOMIC DEVELOPMENT

This analysis in the context of this applied research project has served to highlight a number of issues germane to the challenges of local economic development, in addition to those enumerated above. These include the issue of the most appropriate geographic level of practice in a changing, globalizing rural economy, the realities of intensive and extensive linkages between the urban and the rural economies, and the reality of and the need to incorporate the whole economy (not just the formal market economy) in analyzing the local economy and developing its full potentials.

APPLIED RESEARCH AND DATA

The analysis attempted and presented here rests on a secondary data base, essentially derived from the 1996 Census, compiled and supplied through Statistics Canada. Local economic development depends upon good information. Part of good information is current data, specified at the local level and fine grained enough to provide insight into the details of each sector and industries within it. Because of cost and availability problems, good data for local economic development practice and for supporting research is very difficult to acquire. This is a major issue requiring attention. Rural economic analysis requires up-to-date data (i.e. within 2-3 years) and reliable data series on place-of-work employment at a detailed level (e.g. furniture stores, motels, office machinery manufacturing), at a local level (e.g. Almonte, Kingsville, Burkes Falls). It also requires other indices of economic activity (e.g. retail sales, service receipts, value of shipments) at these levels. These are generally not available. This reduces the currency, the specificity and inevitably the analytical rigour and credibility of applied research conducted to address LED issues.

APPENDIX II

TECHNICAL REPORT #2: SUMMARY OF FINDINGS

AN INTEGRATED ANALYSIS OF CHANGING MUNICIPAL AND COMMUNITY ROLES AND PRACTICES

INTRODUCTION

The health and viability of rural communities is directly related to the health of their local economies, and the health of the surrounding regional economies. The health of these economies is directly related to the initiative and agency of several players - the private sector, community residents themselves, community and inter-community organizations, the Federal and Provincial governments, and the rural Municipality itself. In Ontario, municipalities have for long been players in various aspects of local economic development (LED); some very proactive, some reactive, others relatively inactive. In rural Ontario, municipalities face a number of important challenges and opportunities in the fluid and uncertain context of globalization and the so-called New Rural Economy.

As local government, particularly municipalities, undergo extensive and intensive restructuring, and as the information and technology-driven economy transforms so much of rural society, the health of the local and regional economy is becoming more and more important for the sustainability of rural communities. The survival of communities and their quality of life (e.g. cultural amenities, social services, public health infrastructure) are increasingly dependent upon a vibrant and sustainable local economy. While always important, and so acknowledged, the local economy is becoming increasingly central to the viability of the rural community.

The interrelatedness of economy, community survival and quality of rural life is the pivotal issue before rural Ontario. As the Province withdraws as a resource partner for rural municipalities, the local economy is increasingly becoming the sole source of taxes and other public revenues for the community's local government (municipality). In turn the community's economy is increasingly dependent upon the quality of life in the community, its environment and public health, telecommunications infrastructure, labour force skills, amenities and other local factors. And the municipality is an important player in ensuring the provision of infrastructure and services that underpin the economy. This two-way interrelationship of interdependencies between the municipality and the local economy means that an informed and strategic approach to policy development here is particularly relevant. It also means that the design of programmes that contribute to rural

local economic development should be couched within this understanding. No less important, the practice of local economic development in rural communities must respond to this strategic interrelationship.

Given the centrality of economy to community survival and quality of life, and the fact that the municipality is one of the important players in the local economy, the effectiveness and efficiency of the municipality's role here is important. That is what this applied research project is addressing. And the first task is to find out what rural municipalities actually do today in local economic development - who they do it with, how they do it, what resources they have at their disposal, what has worked and what has not worked, what are the major challenges and opportunities they face, and other related matters. That is what this report - **Technical Report # 2** (Edition 1), is about.

OVERVIEW

Using the definition of rural communities as those places with up to 25,000 residents (1999), local economic development is not universally practiced throughout rural Ontario's municipalities. Where it is, it is usually characterized by a rudimentary level of practice marked by a dearth of know-how, meagre financial and human resources and a general lack of formal plans. While it may occasionally be espoused as a priority, planning for and implementing local economic development is a minor undertaking in the rural municipality, far removed from the priority and resources accorded to other functions (e.g. public works, parks and recreation).

GENERAL

- Notwithstanding the buoyancy of the provincial economy, the majority of rural municipalities in Ontario experienced either stagnating conditions or varying degrees of population decline in the recent 1996-99 period. While there was significant regional variation, approximately two-thirds to three-quarters of surveyed rural municipalities in all regions exhibited either stagnation or some degree of decline in this period.
- A large, but unknown, proportion of Ontario's rural municipalities is generally active in local economic development.
- Very few if any of Ontario's rural municipalities are engaged in community or community-based economic development.
- It is estimated that the majority of the smallest municipalities (i.e. less than 3,000 population) are not engaged in local economic development.
- Many of the smallest and other smaller municipalities (i.e. 3-5,999) have either delegated their local economic development function to an upper-tier municipality

(i.e. the District, Region or County), or are not engaged in local economic development practice at all.

- Rural municipalities appear to have very little connection or ongoing relationships with another major agent in rural economic development in Ontario, the Community Futures Development Corporations (CFDC).
- In terms of local economic development process and practice there is significant regional variation across rural Ontario.

THE LOCAL ECONOMIC DEVELOPMENT PLAN

Who Has a Plan

- Only a little over one-third (38%) of Ontario's rural municipalities have a formal Economic Development Plan in place.

Plan Funding

- For the minority of rural municipalities that have an Economic Development Plan, the rural municipality is the principal funder.

Plan Preparation – Responsibility

- The dominant mode of local economic development plan preparation is through the Municipality itself, with its consultant. A significant number of those municipalities that do prepare a plan, prepare it entirely in-house. A minority of rural municipalities prepare their plans through a variety of partnerships (e.g. with the Federal or Provincial governments, with upper-tier municipalities).

Plan Preparation – Role of the Municipality

- In Ontario rural municipalities play a variety of roles in the plan preparation process. Facilitative roles and a role as promoter and advocate of the plan preparation process appear to be common. Less evident roles include those as director or co-director of the process, usually with a community-based group. Rural municipalities are rarely found as directors or sole managers in this field.

Plan Preparation – Participation

- Local business interests are the dominant public participants in the plan making process.
- Public participation in the plan making process is largely confined to representative processes, usually involving the business community and other local organizations,

and conventional information dissemination and notification processes. A minimum of proactive outreach and resident participation takes place.

Plan Approval

- For the majority of those municipalities that have an Economic Development Plan the rural municipality is the plan approvals agency.

Plan – Use and Success

- The majority of those municipalities that have prepared an Economic Development Plan report that the plan is used, that it is a success and report satisfaction with the plan preparation process.

THE LOCAL ECONOMIC DEVELOPMENT PROCESS AND PRACTICE

The Local Economic Development Process – Municipal Roles

- For those municipalities engaged in local economic development, the most common role for the Municipal Council is one of facilitator and advocate of the process. Some undertake the position of co-director (e.g. with the Chamber of Commerce), or a more general participant. A minority of rural municipalities assumes the role of director of the development process.

LED Process – Municipal Organization

- Besides the minority that have an EDO, or those that have an equivalent, rural municipalities generally organize to undertake local economic development through a Standing Committee of Council, a joint Municipal-Chamber committee or similar collaborative organization. Very few cite a local economic development corporation, or an affiliation with an area-wide CFDC or equivalent.

LED – Getting it on the Agenda

- Local economic development gets on the agenda in rural Ontario through local community activism, political activism, the personal initiatives of local businesspeople, and leadership provided by some Municipal employees.

LED Resources – Budget

- The vast majority of rural municipalities actively engaged in local economic development operate with very modest, or no budgets whatsoever. Less than two out of three municipalities active in this field actually have a budget in place.

- The municipality is the principal agent and funder of the ongoing local economic development process.

LED Resources – The Economic Development Officer, or Equivalent

- Only 5% of Ontario’s rural municipalities have a full-time, designated Economic Development Officer (EDO). An additional 28% of rural municipalities in Ontario have Economic Development Officers or equivalents, who may be full-time, part-time or retained. In most rural municipalities the budgetary resources are generally insufficient to retain a professional Economic Development Officer (EDO), even on a part-time basis, or to secure a portion of the services of another Municipal employee, to undertake basic marketing and promotion, or to facilitate other basic local economic development initiatives.

LED Resources - Staff

- Approximately 57% of Ontario’s rural municipalities do not have any full-time local economic development staff in place. Approximately 47% do not even have part-time staff in place. Less than a quarter have one person full-time in this function. It is estimated that only 8% of rural municipalities have an economic development department, or equivalent, within the municipal organization.

LED Resources – THE EDO Equivalent

- The Clerk-Treasurer, CAO or a similar officer is the typical EDO equivalent employed by rural municipalities, involving a re-allocation of part of their administrative and management time to the local economic development function.

LED Resources – Other Resources

- Other local economic development resources outside of the rural municipality include local organizations (e.g. the BIA, Chamber of Commerce), the Provincial government, and multi-municipal collaboration.

The Economic Development Officer – Associated LED Characteristics

- The presence of an Economic Development Officer, or equivalent, is associated with several distinguishing characteristics of the local economic development practice in that rural municipality. These include having an Economic Development Plan, having larger budgets, more emphasis on facilitating new local investment and business expansions, having the requisite capacity to undertake local economic development, and more vigorous shifts in the recent direction of the practice.

LED Practice – Orientation

- The profile of local economic development practice throughout rural Ontario is characterized by varying combinations of emphasis of external investment recruitment, the facilitation of new internal or local investment, and the encouragement of expansions to locally established businesses. Likewise, development practice profiles display varying foci on the primary sector (e.g. agriculture, forestry), the secondary sector (e.g. manufacturing), and the tertiary sector (e.g. tourism, business services, retail trade, health services).

LED Practice - Variations

- Significant variation in local economic development practice is associated with regional location, the size of the municipality, its recent growth record, the local economic development budget, the presence of an Economic Development Officer, the presence of a Local Economic Development Plan, and other factors.

LED Practice – External Investment Recruitment

- External investment recruitment is still a pervasive mode of local economic development, with a continuing emphasis on competitive marketing and promotion, luring businesses to locate or relocate, supply-side inducements and associated enhancements (e.g. physical infrastructure) and a continuing search for competitive incentives.

LED Practice – Shifts in Orientation

- There is some evidence to suggest that the practice of local economic development in rural Ontario is changing. Substantial shifts in emphasis in practice profiles are evident in several communities over the 1996-2000 period.

LED Process - Collaborations

- Rural municipalities not only collaborate with a variety of local organizations and individuals, but over half collaborate with other municipalities, often with several others in the pursuit of local and area economic development.

LED Process – Single/Multi-Municipal

- Notwithstanding the practice of extensive collaboration (with neighbouring municipalities, business, Federal or Provincial governments), the vast majority of rural municipalities engaged in LED are responsible for a single municipal local economic development process (i.e. their own).

LED Process – Public Participation

- Public participation in the local economic development process, as conducted through rural municipalities, is very modest, conventional and limited. The process usually involves making opportunities available at regular Council Meetings, working with representatives from recognized and formally organized groups in the community (e.g. service clubs), public notices and other media releases, and occasionally, public workshops. There is little evidence of proactive outreach, community animation and broad-based engagement of the public.

Community Capacity

- From the perspective of rural municipalities less than one-third of all rural communities in Ontario have the capacity to undertake local economic development.

Community Capacity Needs

- Knowledge of the economic development process, skills, community commitment, local political interest and support, and finances are the major requirements identified to address community capacity deficiencies.

Municipal Capacity

- According to responding rural municipalities, less than one-third of Ontario's rural municipalities have the capacity to undertake local economic development.

Municipal Capacity Needs

- The major deficiencies are associated with human resources, skills, knowledge of local economic development process, appropriate time to devote to the process, and finances.

The Future - Opportunities

- In terms of future opportunities it appears that most rural municipalities are looking to the general economy, markets and particular sectoral developments to provide openings for local development initiatives. Other opportunity areas include physical infrastructure developments (e.g. highway connections, telecommunications), Provincial facilities locations, private-public sector ventures and multi-municipal collaboration.

The Future – Problems

- With reference to future problems local unemployment, shortfalls in occupational skills, inadequate and uncompetitive physical infrastructure, local business closures,

vulnerability due to a lack of diversification, inadequate vision and leadership by Municipal Council, and other factors have been mentioned.

“Best Practice” - Cases

- It appears that there is either very little knowledge of so-called “best practice” cases among rural municipalities, or beyond some knowledge of and admiration for neighbouring municipalities’ practices, rural municipalities in Ontario are not convinced of any significant concentrations of exemplary practice.

“Best Practice” - Characteristics

- Where some “best practices” were identified the presence of innovative process, development strategies and marketing were generally highlighted. In addition, the systematic approach to the development process, effective investment facilitation, public/private partnerships, commitment to a long term strategy through community and municipal input, ongoing and active investment, the presence of a dedicated development agency (e.g. corporation), competent staff, the quality of community leadership, and investment in key physical infrastructure items, were consistently mentioned in this regard.

APPENDIX III

TECHNICAL REPORT #3: SUMMARY OF FINDINGS

A REPORT ON “BEST PRACTICE” IN LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO

In their efforts to foster local economic development, many communities seek to learn about and sometimes emulate the “best practices” of their more successful counterparts. The results of the interviews contained in this **Technical Report** are an attempt to ascertain what ‘successful’ rural Municipalities and associated development agencies in Ontario do to enhance their local economies. The three rural Municipalities and one community-based development organization were identified by their peers as examples of best practice in local economic development. The follow-up research into these four cases of local economic development practice identified the following common characteristics.

POLITICAL COMMITMENT

- **Political commitment** to local economic development was firm and characterized by the allocation of resources specific to this purpose.
- The Municipal Council and the Board of Directors adopted a “**hands off**” approach in that it gave the designated economic development person(s) and departments the freedom to operate. Council and the Board did not micro-manage the economic development process in any of these communities.

INVESTMENT IN LOCAL ECONOMIC DEVELOPMENT

- Every community had an **Economic Development Officer (EDO)** or equivalent. Not only was a designated person an indication of the high priority accorded to local economic development, but was also a necessity. It was necessary to assign someone to this function because economic development was a full-time job that required dedication and effort, an impossible feat for someone wearing multiple hats or for volunteers who eventually suffer from burn-out despite their best efforts and intentions.

- All of the best practice interviewees pursued **multiple funding sources** for preparing Plans or Strategies and for project implementation.
- While there is considerable variation in terms of the investment, “best practice” Municipalities and organizations were characterized by a willingness to invest in some **research and analysis** to acquire or confirm the ‘facts’, to examine possible futures and get a better understanding of their communities and their local economies.

THE PLAN OR STRATEGY

- Each had either a **Plan or a Strategy**. Local economic development was not pursued haphazardly.

PARTICIPATION

- Intensive and diverse **participatory processes** characterized the preparation of Plans and Strategies. Broad-based public engagement went beyond the rhetoric of gestures and passive information dissemination, and was encouraged to ensure that the final document was reflective of what the community wanted. This approach engendered support and ownership from the Municipal Council, the business sector, community groups and the public at large.

COLLABORATION

- There was a high degree of horizontal and vertical **inter-agency collaboration** between the Municipality or organization and other organizations, groups and individuals within the community. They partnered with various organizations within the community and drew on existing expertise and other resources. The depth of interaction was such that partners sat on each other’s board, and shared responsibilities and information. They also partnered with other levels of government and benefited from various forms of assistance, financial and otherwise.
- **Horizontal and vertical collaboration within their organizations** consolidated the ‘hands-off’ approach by the Council or Board of Directors with the reduction of red-tape. Economic development personnel were given freedom to do their jobs yet remained accountable to their organizations. Having the authority to liaise with other departments without strict adherence to the bureaucratic chain of command reduced the time spent on decision-making and implementing initiatives, and enabled personnel to move into action when a window of opportunity presented itself.
- **Inter-municipal collaboration** resulted in a more efficient use of resources, reduced duplication and insularity, built good inter-community relations, provided willing and

able partners for joint initiatives and had the potential for positive spin-off effects for a much larger area.

TRANSFERABILITY

- These “best practice” rural Municipalities and the community development agency pursued initiatives in a manner that was actually **not radically different** from mainstream practice. They differed more in terms of the degree and intensity, or in some cases the aggressiveness, with which they pursued participation, partnerships and local and community economic development, including tourism development.
- In most instances, interviewees indicated that their local economic development process and their approach to practice were **readily transferable** to other contexts in rural Ontario.

APPENDIX IV

TECHNICAL REPORT #4: SUMMARY OF FINDINGS

COMMUNITY FUTURES DEVELOPMENT CORPORATIONS IN LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO

Community Futures Development Corporations (CFDC) have played an important role in rural economic development in Canada for almost three decades.³ Through different Federal government departments and agencies, the collaborative programme through which these Corporations function has not only provided very substantial funds to foster local economic development, but has substantially contributed to the progress and betterment of development practice itself. They are important players in the welfare of rural Ontario. The research for this project has led to a number of key findings relating to the nature of their development process and practice, their resources and resources allocations, their plans and planning practice, the foci and modes of practice, and other characteristics of these economic development organizations.

These findings, in their details, accurately reflect the practices of the responding CFDCs in rural local economic development. Given the response rate (i.e. 23%) and the regional coverage, we are confident that the broad generalizations that might be drawn from the responses also reflect the local economic development practice of CFDCs across rural Ontario. They conform, in general terms to the principal researcher's experience with these development organizations over the last fifteen years. However, it should be noted that not *all* development practitioners would concur here. Bearing these considerations in mind and acknowledging the great diversity of practice that is evident across Ontario's CFDCs, the *detailed* findings and conclusions are more properly and prudently applied to the responding Corporations, and only to them. They should not be taken as statistically representative of all CFDCs across Ontario. **Technical Report # 4** should be used with these guidelines in mind.

THE DEVELOPMENT MANDATE

- The emphasis in the development mandate of Community Futures Development Corporations in rural Ontario exhibits significant variation. Providing financial, advisory and other assistance for local small business start-ups and operations for purposes of job creation and retention is the prevailing core mandate. This is

³ Information on the *Community Futures Programme*, particularly as it relates to Ontario may be obtained from www.ontcfdc.com

variously combined with collaborative activities in area economic development, including some longer term strategic planning, providing programmes on behalf of particular Federal agencies, and acting as a clearinghouse for other government programmes.

BOARD COMPOSITION

- The majority of Members of the Boards of Community Futures Development Corporations in rural Ontario come from the private business sector. Other sectors that are represented include Federal and Provincial governments, and the educational and health sectors. Municipal representatives and members from local non-government organizations are to be found in a minority of cases.

BUDGET ALLOCATIONS

- Approximately two-thirds of Community Futures Corporations budgets support activities relating to small business start-ups, advisory, financial loans, business plan preparation, and other assistance. General administration accounts for approximately another 24-29% of CFDC budgets. General economic development services and support for the community, businesses and local organizations (e.g. marketing, facilitation, promotion) account for an additional 4-5% of budgets. Longer range economic development activities (e.g. preparing and monitoring a Strategic Plan) receive 4-5% funding from the CFDCs' budgets.

HUMAN RESOURCES

- Staff complement in a typical CFDC is modest, averaging 4-5 full-time equivalents. Most have a General Manager or equivalent and a majority have a senior person with full-time responsibility for business consulting and assistance. Part-time staff and professional consultants are retained. Less than a third of Community Futures Development Corporations have a full-time community economic development officer, or equivalent.

PLANNING FOR LOCAL ECONOMIC DEVELOPMENT

- Responses would indicate that less than half of the Community Futures Development Corporations in rural Ontario operate through an economic development plan for their service area. Some economic development planning, whether collaborative, sectoral, through annual reports and other initiatives is undertaken. However, comprehensive economic development planning and conventionally accepted longer term strategic planning is not prevalent in CFDC practice.

PUBLIC PARTICIPATION

- Broad-based public participation in local economic development through the CFDCs is not unlike that practiced by those Ontario rural municipalities that are active in economic development. It may be described as passive and conventional. For those CFDCs reporting a Plan, a little less than two-thirds engaged the public in the Plan preparation process.

RESEARCH

- The majority of CFDCs that reported having a formal economic development Plan undertook or commissioned specific research for the Plan.

USE OF THE PLAN

- For those CFDCs that have an economic development Plan the use is extremely varied, ranging from using it as an annual monitoring checkpoint, as a guide to investment priorities and as an aid for other local development organizations.

THE MODE OF LOCAL ECONOMIC DEVELOPMENT PRACTICE

- The prevailing practice among CFDCs is one that focuses on local sources of, and approaches to employment and enterprise development and expansion. In terms of time and budgetary allocations, encouraging new local investment and facilitating the expansion of local businesses are the dominant modes of practice. The proportion specializing exclusively in this mode of practice, not assigning any budgetary resources to external investment recruitment, could be as high as three-quarters.

THE FOCUS OF LOCAL ECONOMIC DEVELOPMENT PRACTICE

- The range of practice across the Primary (e.g. forestry), Secondary (e.g. manufacturing) and Tertiary (e.g. tourism, retail trade) sectors is extremely varied in terms of time and budgetary allocations, not unlike that evident across Ontario's rural municipalities. Regional economic variation is evident with continuing concentrations in locally important primary sectors (e.g. agriculture). Most CFDCs are prepared to concentrate investments in the expanding and diversifying Tertiary or services sector (e.g. business services, tourism).

WORKING WITH RURAL MUNICIPALITIES AND COMMUNITIES

- Community Futures Development Corporations have a great variety of working relationships and activity patterns with rural communities and municipalities. Collaborating with municipalities on development strategies, seed funding local development initiatives, cooperating on business retention and expansion surveys are typical of the range of joint activities.

PARTNERS

- Business personnel are the predominant partners of CFDCs in rural Ontario. Contrary to some other findings from this research project (see **Technical Report # 2**), rural municipalities have been identified as development partners by nearly two-thirds of CFDCs. Community-based nongovernmental organizations are partners for less than one third of CFDCs.

CAPACITY

- In the view of over half of Ontario's Community Futures Development Corporations rural communities have the requisite capacity to undertake local economic development. This contrasts with the perceptions of rural municipalities in Ontario. Nevertheless, given the development issues at hand, it points to significant resources shortfalls (e.g. no Economic Development Officer, no Plan, deficiencies in know-how, time, and finance).

OTHER

- The need to collaborate in local economic development, share resources and encourage regional partnerships was stressed by CFDC respondents. The comparative absence of the Province (*vis a vis* the Municipality and the Federal government) in rural local economic development in Ontario is very much in evidence. The changing nature of the rural economy, sometimes referred to as the New Rural Economy (NRE), was highlighted as a particular challenge that places emphasis on human resources (e.g. skills, knowledge, entrepreneurship), information, community amenity, new infrastructures (e.g. ICT) and new ways of development (e.g. less emphasis on external investment recruitment, more community-based process).

APPENDIX V

TECHNICAL REPORT #5: SUMMARY OF FINDINGS

LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO: ECONOMIC CONDITIONS, ISSUES AND MUNICIPAL PRACTICES

THE LOCAL ECONOMY

- The economies of the smallest (1-2,999) and the smaller (3-5,999) rural communities in Ontario are under significant threats in terms of their long-term viability. Notwithstanding some upturns in the rural economy in the 1991-2000 period, there is evidence that there has been a size differentiation in growth potentials, favouring rural communities over 6,000.
- Notwithstanding the evidence of investments in local economic development in rural communities, of all sizes, persistent economic decline and stagnation have been evident in the smallest and smaller rural communities.

Population Dynamics and Performance of the Local Economy

- Population dynamics have been size selective. The smallest and smaller rural communities have witnessed population decline and stagnation, while the mid-sized to largest communities have seen more stability or growth.

Unemployment

- In the majority of rural communities, unemployment in 1996 and 2000 exceeded the Provincial rate.
- In terms of the regional distribution of unemployment there have been significant differences over the recent 1996-2000 period. For example Northeastern Ontario has suffered from persistent and high levels of unemployment, while pockets of severe unemployment have also been evident in Central Ontario.

Employment

- In general terms, employment opportunities have expanded significantly in the rural economy over the recent 1996-2000 period.
- Notwithstanding macroeconomic patterns of a mobile labour force and long range commuting, large proportions of rural residents find employment in the local economy. Local job opportunities are especially important for the smallest, smaller and medium-sized communities. The economies of half of the smallest communities may provide jobs for as many as three-quarters and more of the local labour force.
- The local economies of Ontario's rural communities are very diverse. Besides substantial proportions of employment in the primary sector (e.g. agriculture, mining), the manufacturing sector, construction, transportation and utilities, retail trade, personal services and business services are also common.
- The manufacturing sector is of growing importance and constitutes a substantial proportion of employment (e.g. over 25%) of many rural economies, especially those in the 3-11,999 population range.
- The business services sector is another important source of employment with recent record of growth with substantial concentrations in communities in the 12-25,000 range.
- Non-market services (e.g. education, health, government) are very important sources of employment and income in rural Ontario. Substantial concentrations of employment are found in all community size groups. Even in the smallest communities (i.e. below 3,000) this sector could account for up to half of total employment.
- There is considerable variation in the sectoral structure of rural employment across Ontario's six rural regions.
- The primary, manufacturing and non-market services are the major sources of employment across all regions.

Investment Activity

- In terms of investment activity over the 1996-2000 period most rural communities witnessed a volume of new business, expansions and closures in the order of 1-10 businesses.
- Medium-sized communities had higher levels of investment than other rural communities.
- Eastern Ontario recorded the highest level of new business investment.

Changes in the Local Economy

- In terms of diversification of the local economy, the recent record is very mixed. On the positive side a little less than half of rural communities may have seen some increase in diversity. Against this, over half saw no change, or even a reduction in economic diversity.
- The size of a rural community is generally an important factor in terms of diversification.
- A minority of rural communities (32-38%) have seen improvements in most other aspects of their local economies, such as in business retention, creating jobs for youth, value-added production, increased inter-business sales and purchases, and overall cost-competitiveness.
- Most rural communities have been unable to stem the flow of resident retail expenditures. Over one-third have actually witnessed declines here.
- The smallest communities have seen the greatest degrees of “retail leakage”.
- Improvements in the investment climate are clearly size related. A modest proportion of the smallest communities recorded improvements here, and a sizeable minority witnessed declines. In contrast the majority of the larger and largest communities achieved improvements in their investment climates.
- Creating more jobs for rural youth is also size selective, with the minority of the smallest and smaller communities recording gains. Increasing proportions of the mid-sized to the largest communities made progress here.
- With reference to changes in value-added production, progress does not appear to be directly associated with size of community. However, the only declines in value-added production appear in communities below 6,000, and the highest proportions of communities with gains here are to be found in mid-sized and larger places.
- Inter-business sales and purchases are important to retaining income in the community and expanding economic multipliers. The recent record suggests that this too is size related. Significantly larger proportions of the mid-sized to the largest communities have seen growth here, while the largest declines have occurred in the smaller and smallest communities.
- Improvements in cost-competitiveness appear to be related to the size of the rural community. Some 30-38% of the smaller and smallest communities witnessed decline here, while nearly a third of mid-sized communities saw improvements, and over two-thirds of the largest communities benefited from improvements in their competitive positions.

- Notwithstanding the modest nature of improvements in most economic indicators, around half of rural municipalities regard recent economic developments as positive.
- In terms of regional patterns, the majority of rural communities in Eastern and Central Ontario witnessed economic diversification in their local economies. Northeastern Ontario saw the smallest proportion of rural communities with increased diversification.
- Northeastern Ontario had the highest proportion of local economies with increased “retail leakage”. Eastern Ontario recorded the highest proportion of communities whose economies retained more of local residents’ retail expenditures.
- Eastern Ontario and Western Ontario rural regions had the highest proportions of communities with increased retention of local businesses. Northeastern Ontario and Central Ontario had the largest proportions suffering a loss of local businesses.
- With reference to the investment climate Northeastern Ontario saw the highest proportion of local economies witnessing deterioration here. Nearly three-quarters of rural communities in Western Ontario benefited from improvements in the climate.
- About a third to two-fifths of rural communities witnessed improvements in job creation for rural youth. Significant declines were evident in Northeastern Ontario, and to a lesser extent in Northwestern Ontario.
- Western and Central Ontario saw the highest proportions of communities with increases in value-added production (50-54%). One fifth of the local economies in the Northeastern region witnessed declines here.
- Eastern Ontario achieved expansions in sales and purchases among local businesses in 58% of its local economies. Substantial proportions of communities in Northeastern and Northwestern Ontario saw declines here.
- The greatest gains in cost-competitiveness, in terms of the proportion of rural communities, were recorded in the Southern Ontario region (50%). Most regions saw a third of their communities achieve growth here. Substantial proportions of rural communities in Central and Northwestern Ontario saw declines in their competitive positions.

Performance of the Local Economy

- With reference to municipal officials’ perceptions of economic performance there is some, though not a consistent pattern between performance and community size. The smallest and smaller communities had the highest incidence of declining economic performance. The mid-sized and larger communities displayed significantly larger proportions of growth in the local economy.

- The regional pattern of reported economic performance reproduces the disparities evident from other perspectives. Northeastern Ontario incurred a conspicuous concentration of declining local economies. High proportions of communities reported growth in Eastern (75%), Western (73%) and Southern Ontario (67%) rural regions.
- In general, there appeared to be a relationship between recent population change and economic performance. Half of the rural communities with declining local economies lost population, while another 29% saw no growth in their populations. Conversely nearly two-thirds of rural communities with growing economies also had substantial population growth.
- The majority of respondents anticipate future economic growth in their local economies and future growth in population.

Main Strengths of Rural Economies

- Economic factors such as a stable and diversified economy are regarded as the prime strength of Ontario's local rural economies. Physical infrastructure, such as proximity to major transportation routes, is regarded as another important strength. Other strengths included natural attributes, the capacity to facilitate rural lifestyles.

Main Weaknesses of Rural Economies

- The lack of or deteriorating physical infrastructure is regarded as the principal weakness of local rural economies. Single industry dependence is the second most important weakness challenging local economies. Negative attitudes toward local economic development on the part of the local community and sometimes Municipal Council, constitute the third most important weakness here.

Main External Opportunities for Rural Economies

- In terms of external opportunities investment (e.g. for tourism, retirement developments), infrastructure developments (e.g. highways, information technology) and policy developments (e.g. international trade, municipal restructuring) are the three most important.

Main External Threats to Rural Economies

- With reference to external threats competition (both global and inter-municipal), policy developments (e.g. First Nations' rights, nutrient management) and economic issues (e.g. slowdown of U.S economy, primary products markets).

THE PRACTICE OF LOCAL ECONOMIC DEVELOPMENT IN RURAL ONTARIO

Personnel Commitments to Local Economic Development

- The practice of local economic development in rural Ontario is characterized by very small investments in terms of staff. Full-time and part-time staff complement rarely exceeds two persons (See **Technical Report # 2**).
- Even for rural municipalities actively engaged in local economic development less than 9% retain the services of a designated Economic Development Officer (EDO).
- For rural municipalities active in local economic development approximately 43% retain an EDO or an equivalent. Where an “equivalent” undertakes local economic duties, rarely is this a full-time responsibility as other Municipal functions are part of this job (e.g. CAO, Director/Manager of Planning).

Personnel Time Commitments to Local Economic Development

- The practice of local economic development in rural Ontario is generally characterized by very small investments of staff time.

Formal Mandate

- The formal mandate for personnel charged with local economic development on behalf of the Municipality involve initiatives to enhance the economic viability of the community through job creation, business attraction retention and expansion, building trust and partnerships in the community, and other activities.

Constraints Associated with Formal Mandates

- There are major constraints associated with the formal mandate from Municipal Council. They include the expectation for multiple responsibilities, a lack of resources to do the job at hand (e.g. time, personnel, finances), and a lack of political will. A little less than half of assigned personnel were satisfied that their mandates provided the opportunity to do the job at hand.

The Economic Development Plan

- Even for those active in local economic development, less than half of these municipalities in rural Ontario have a Local Economic Development Plan (See **Technical Report # 2**).
- There appears to be little consistency between the size of a rural community and the presence of an economic development Plan. While there is a general pattern from a smaller proportion with Plans among the smallest communities, through increasing

proportions in the mid-sized and the largest communities, there are significant exceptions in the smaller and the larger communities.

- The regional pattern of local economic development activity, in terms of having or not having a formal Plan, shows little variation with the exception of Eastern Ontario. This region is unique in having a small majority (58%) of its rural municipalities with a Plan.
- Only one sixth of rural municipalities engaged in local economic development in Ontario, who have a formal Plan, incorporate all of the commonly accepted elements in such an instrument (e.g. goals, objectives, targets, projects, roles and responsibilities).
- In the vast majority of cases, the community is reported to be in agreement with the main problem or opportunity identified in the Plan.
- Plans are generally considered to be a success.
- Public participation, stakeholder “buy-in”, Municipal Council support, consultation and partnerships are cited among a number of key factors as integral to the success of a local economic development Plan.

Activity Profile of Local Economic Development Personnel

- The activity profile of those engaged in rural local economic development through the municipality is very diverse. Activities involving communications, liaison, negotiation, and group work (e.g. Committee of Council) were high on the list. Other activities included general promotion, office management, project identification and professional development.
- In terms of regional variation in activity patterns, with some exceptions in Northwestern and Northeastern Ontario, there appears to be a relatively low level of activity in technical studies for local economic development. There are very significant interregional variations in the activity associated with Board and/or Committee work. All regions report the majority of municipalities active in liaison with local businesses. There is a considerable range of activity in general marketing with a little over half of municipalities in Southern Ontario and over nine tenths active here in Western Ontario. Plan preparation is evident in almost three-quarters of municipalities in Northwestern and Northeastern Ontario, while evident in a minority of municipalities in most other regions.
- In terms of community sizes, there is considerable variation in activity patterns. In the smallest communities the highest incidences for activities include project identification, general promotion, office management and administration, liaising with other municipal functions, Committee of Council work, liaising with local businesses, and general community communications. Mid-sized communities

displayed some differences (e.g. promotion of specific projects, professional development activities). Most of the largest municipalities were active in general marketing. All reported activity in liaising with other municipal functions and with local businesses.

Distinguishing Qualities of Successful Local Economic Development Practitioners

- In the views of Municipal practitioners, some of the distinguishing qualities that a successful local economic development practitioner should possess are practicality, the ability to work with a variety of local groups, a “businesslike” manner, the aptitude for gauging the local political climate, and being attuned to the community. S/he should also be a networking expert, an effective negotiator, an information centre, and community “champion”.

LOCAL ECONOMIC DEVELOPMENT COLLABORATION IN RURAL ONTARIO

Local Partnerships

- Rural municipalities access a considerable array of resources from their own communities to pursue local economic development. The business community, notably the real estate sector is the most often mentioned local partner. Other development organizations are also called upon (e.g. Business Development Centres, Community Futures Development Corporations). Volunteers, service clubs and other local organizations are important resources here.

External Partnerships

- Rural municipalities also access a variety of external resources. Here the Provincial and Federal governments predominate. Regional development organizations (e.g. CFDC) also are important resource partners.

Advantage of Partnerships with Other Organizations

- The main advantages of partnering with other organizations are reported to include additional human and financial resources, community “buy-in”, consensus, an increased number of perspectives at the table, heightened awareness of local issues and economic advantages.

Disadvantage of Partnerships with Other Organizations

- Reported disadvantages of working with partners from other organizations include problems of administration, conflict resolution or fostering co-operation, time constraints, co-ordination and compromise

Inter-Municipal Collaboration

- A little over two-thirds of municipalities that engage in some degree of local economic development, formally collaborate with other municipalities to foster local economic development.
- The overall experience with collaborative arrangements has been positive for most municipalities. The most widespread benefits of inter-municipal collaboration were improvements in communications and information flows, information sharing, establishing working relationships with other agencies and players in the area and marketing and promotion. However, inter-municipal collaboration did not have as widespread an advantage in terms of saving money, lobbying and other political representation.
- Except in terms of saving money and expediting development, inter-municipal collaboration generally provided positive benefits for municipalities regardless of size.

CHANGING LOCAL ECONOMIC DEVELOPMENT PRACTICE

Changes in Practice

- In future, practitioners anticipate they will use local economic development models rather than, what they regard as, the present *ad hoc* approach, engage in measurable economic development activities to gauge success, and a greater amount of long-term planning to accommodate the changing rural demographics. They expect a greater focus on economic development activity and will become more proactive, place more emphasis on their economic development role (especially business retention and expansion), implementing formal economic development Plans, adopt an area or regional approach and be more selective in terms of targeting (e.g. niche marketing).

Changes in Process

- Practitioners anticipate they will use less traditional methods, utilize more technology-based and innovative strategies, and be more creative.
- To counteract resource deficits, they will engage in a greater degree of community animation, inter-municipal partnerships, work with various levels of government, and increase the scope of their activity to the global level.

Changes in Partners

- Practitioners anticipate they will work with an even greater number of professionals, businesses, and various levels of government e.g. Provincial, Federal and other Local Government bodies, in addition to other municipalities.

CHANGING LOCAL GOVERNMENT CONDITIONS

Impacts of Restructuring

- The reported positive impacts of restructuring were co-operation for local economic development, direct financial benefits, improvement in local economic development practice, and a positive attitude toward municipal government.
- The reported negative impacts of restructuring were increased direct costs (e.g. taxes), conflicts, administrative problems, negative perceptions and attitudes, and challenges associated with economic initiatives.

Concrete Economic Outcomes of Restructuring

- The reported positive impact of restructuring was translated into concrete economic outcomes such as new business investment, local expansion and retention, increased investor interest, increased employment, establishment of promotional and marketing groups, more visitor attraction events, increased property purchases and a larger population.
- The negative impact of amalgamation was translated into concrete economic outcomes such as business closures, reduced investment prospects and less money in the local economy.